

NPS JOINT VENTURE: TEN YEAR REVIEW

Report of the Head Digital Transformation and Business Support

Please note that the following recommendations are subject to consideration and determination by the Scrutiny Committee before taking effect.

Recommendation:

- 1) That the Scrutiny Committee notes the outcome of the ten year review into the Council's arrangements for property consultancy services is positive.
- 2) That the Committee notes a delivery model options appraisal is being planned, to help decide the most suitable future model for property consultancy services beyond March 2022.
- 3) That the Committee considers what role it wishes to have in determining the Council's future delivery model for these services.

1. Background

Devon County Council's joint venture contract with NPS for property consultancy services runs between April 2007 - April 2022. The joint venture fulfils the Council's requirements for specialist property consultancy services. The contract has entered its final five years and the purpose of this report is twofold:

- i. Firstly, to outline the findings of the ten year performance review.
- ii. Secondly, to understand what input Scrutiny wish to have into the process that will lead to the Council's future arrangements for property consultancy support beyond March 2022, when the current contract expires.

2. The Council's property requirements

The Council has a significant property responsibility, with wide ranging property matters to manage. Specialist advice is required to help the Council ensure its responsibilities are conducted with due care. This professional support is commissioned via NPS SW through a joint venture model.

The Council holds a property portfolio (both leased and freehold) of 244 corporate and service buildings (including offices), 236 Local Authority maintained schools (including Trust schools, at July 2017) and 69 farms (totalling 9,590 acres). The size of the estate has reduced significantly over the last five years aligned to the Estates Strategy and an increasing number of DCC buildings form part of commissioned service arrangements including Libraries, Youth Services and Children's Centres.

The Council has legal responsibility to manage its properties and commissions NPS to provide the professional support to do so. The Council's joint venture for property consultancy services began on 1st April 2007, when Devon Property Services moved from an in-house unit into a commissioned model.

The service has since performed well, as noted through the five year performance review in 2012 and via subsequent oversight. This identified a consistent trend of service improvement. Many initiatives have been implemented through the ten years to date which has seen the business continue to evolve.

NPS SW is jointly owned by DCC (20% ownership) and NPS Group (80%). NPS SW employs 80 staff and undertakes around 80% of its business for DCC, the remainder secured from external sources. NPS' multidisciplinary property service includes:

- Property maintenance oversight, management and surveying
- Health and safety legal compliance
- Estates services and asset management
- Property sales and acquisition
- Management of the County farms estate
- Integrated design services
- Property construction management

In line with national and local strategy, the Council's property estate and capital programme has reduced significantly in recent years. The rationalisation strategy has reduced the Council's property portfolio and decreased DCC's annual spend with NPS from £7 million five years ago to just over £4 million currently. The commensurate challenge for NPS is to work within austerity conditions and operate with less business than it has historically derived from DCC.

3. Ten year formal performance review

A performance review was undertaken in line with the ten year contract anniversary. The review followed Terms of Reference which focussed on contract performance and ensuring continued alignment with the Council's needs. Key findings include:

- i. Value for money is being achieved**
Price benchmarking was undertaken using independent analysis which reviewed comparator pricing. This found NPS' rates to the Council are in line with the market (rate reviews are held every two years).
- ii. Comprehensive performance feedback**
A panel of six reviewers interviewed over forty stakeholders during the review. The interviews included councillors, senior officers, key NPS clients, NPS staff and external contractors. The interviews gave a consistently positive insight whilst identifying areas to further develop.
- iii. Performance monitoring shows dependably good performance**
A performance monitoring regime is in place which monitors the performance of both NPS as service provider and also DCC as client. The performance monitoring demonstrates satisfaction levels are consistently high, with any issues usually being identified early and addressed promptly.
- iv. The property compliance regime is well managed and monitored**
This is evidenced through regular reporting via the performance monitoring regime. This drives high performance for property compliance whereby specialist contractors who undertake DCC's property compliance programme are overseen.

The review team made some operational and strategic recommendations, summarised as follows:

The operational recommendations relate to a number of 'in-contract' matters which primarily represent modifications to existing practice, and are not in themselves significant matters. This reflects the position that the DCC / NPS relationship has

developed during ten years, has benefitted from recommendations implemented at the five year review, and is evidencing acceptable performance.

The strategic recommendations mainly relate to the imperative to undertake early planning well before the contract ends, leading into successor arrangements. The review also identified a need for improved strategic communications on the part of Norse Parent Group, namely how it looks to address the sustainability challenges of Local Government services under austerity, through strategic vision, planning ahead and communications therein.

Constructive challenges include NPS' approach to developing new markets, how it is addressing the significantly reducing schools portfolio, and its trend of having limited success in securing external business.

4. Planning the future delivery model: beyond 2022

The broader, more significant need is to consider the decision making that will lead to the Council's future property consultancy model from 1st April 2022. There are five years until the contract expires which offers the opportunity to plan in a timely way. Forward planning should be in parallel with complementary property services (i.e. Facilities Management) which operates to similar timeframes.

Determining the most appropriate future model for property consultancy services is likely to be closely linked to the Council's Estates strategy. This is currently being refined and should be considered in the options appraisal when determining the future model for property services.

Indicative programme timing* is as follows, with Scrutiny updates where required:

- Dec 2017: Establish Terms of Reference for delivery model review & agree review team and reporting arrangements
- Jan 2019: Decide key property strategy requirements for 2022+
- May 2019: Detailed options appraisal to review best fit service models
- Sept 2019: DCC decision-making for new property consultancy model
- Jan '20-Jan '21: Establish, plan and prepare future delivery model
Timescale to accommodate a competitive exercise and / or TUPE staff transfer if required.
- Jan '21-April '22: Mobilisation period leading to new contract start

** These timings are well in advance to enable good planning; they can be flexed.*

The Council's post 2022 delivery model for property consultancy will be a significant commissioning decision, for which there is a good opportunity to plan ahead. The delivery model options assessment will take into account relevant strategy at the time, while being undertaken sufficiently far ahead of the current contract end to preserve the requisite time to set it in place.

A Terms of Reference will be developed, involving a cross organisational team of Council Officers working to a sufficiently broad scope, to inform how the Council's future requirements would be most suitably met. Scrutiny Committee is invited to determine what role it wishes to have in determining the future delivery model.

In parallel, the current DCC / NPS joint venture will continue to be proactively managed to achieve the Council's requirements during the final five years of the existing contract.

Options / Alternatives

Not applicable.

Consultations/Representations/Technical Data

The review group worked as per the Terms of Reference, interviewed over forty stakeholders and reviewed performance data in the course of its review.

Financial Considerations

Value for money analysis was undertaken by the review team, incorporating a financial assessment and objective benchmarking.

Legal Considerations

There are no specific legal considerations in respect of this report.

Environmental Impact Considerations

There are no specific environmental considerations in respect of this report.

Equality Considerations

There are no specific equality considerations in respect of this report.

Risk Management Considerations

Monitored through the performance management regime.

Summary

- 1) That the Committee notes the findings of the ten year review into the Council's arrangements for property consultancy services; the contract will continue to be proactively managed to deliver the Council's requirements until 31st March 2022.
- 2) A formal delivery model options assessment is planned, its purpose being to help determine the most appropriate delivery model for property advisory services in line with the Council's future needs beyond 2022.
- 3) That the Scrutiny Committee consider what role it would like to have in relation to determining the future delivery model for property consultancy.

Rob Parkhouse
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Electoral Divisions: All
Cabinet Members:

Councillor John Clatworthy, Cabinet Member for Resources and Asset Management

Councillor Barry Parsons,
Cabinet Member for Organisational Development and Digital Transformation

LOCAL GOVERNMENT ACT 1972: LIST OF BACKGROUND PAPERS
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Background Paper
Ten year review: Terms of Reference